

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO. 4211-01
BILL NO. HJR 65
SUBJECT: Constitutional Amendments: Health Care; Tobacco Products
TYPE: Original
DATE: February 24, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue*	(\$135,464,421 to \$163,593,300)	(\$162,447,798 to \$201,093,556)	(\$164,044,888 to \$207,115,878)
Tobacco Settlement Endowment	\$135,420,621 to \$163,549,500	\$162,447,798 to \$201,093,556	\$164,044,888 to \$207,115,878
Total Estimated Net Effect on <u>All</u> State Funds	(\$43,800)	\$0	\$0

*Foregone anticipated revenues (deposited in Tobacco Settlement Endowment Fund instead of the General Revenue Fund)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Social Services, Department of Health, Department of Mental Health, Department of Revenue (DOR), and Office of Administration** assumed, in responses to similar proposals, that the proposed legislation would have no fiscal impact on their agencies or that they could accomplish duties under this proposal with existing resources.

Estimates of amounts Missouri will receive from the Master Settlement Agreement are ranged from estimates made by the Office of Administration - Division of Budget and Planning to estimates published by the National Governors Association (NGA).

Budget and Planning's estimates assume upward inflation adjustments of three percent (3%) to each years annual payment and downward volume adjustments of 10% in 2000, 12.7% in 2001, 14.9% in 2002, and 16.6% in 2003. These volume adjustment assumptions are those recommended by Federal Funds Information for States and are based on estimates developed by Standard and Poors.

The NGA figures do not include any offsets, reductions or adjustments; therefore, Oversight has included a 3% per year inflation adjustment.

Advertisement costs for the proposal would be \$4,380 per newspaper column inch for three publications of the text of the proposal, the introduction, title, fiscal note summary, and affidavit. The proposal would be on the ballot for the November 2000 general election.

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
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GENERAL REVENUE FUND

<u>Cost-Secretary of State</u>			
Newspaper Advertisements	(\$43,800)	\$0	\$0

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
Foregone Revenue - Tobacco Settlement	(\$135,420,621	(\$162,447,798	(\$164,044,888
	to	to	to
	\$163,549,500)	\$201,093,556)	\$207,115,878)

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$135,464,421</u>	<u>(\$162,447,798</u>	<u>(\$164,044,888</u>
	<u>to</u>	<u>to</u>	<u>to</u>
	<u>\$163,593,300)</u>	<u>\$201,093,556)</u>	<u>\$207,115,878)</u>

TOBACCO SETTLEMENT ENDOWMENT FUND

Income - Tobacco Settlement	\$135,420,621	\$162,447,798	\$164,044,888
	to	to	to
	\$163,549,500	\$201,093,556	\$207,115,878

ESTIMATED NET EFFECT ON TOBACCO SETTLEMENT ENDOWMENT FUND	<u>\$135,420,621</u>	<u>\$162,447,798</u>	<u>\$164,044,888</u>
	<u>to</u>	<u>to</u>	<u>to</u>
	<u>\$163,549,500</u>	<u>\$201,093,556</u>	<u>\$207,115,878</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2001	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would specify that monies received from an award or settlement between the state of Missouri and tobacco companies would be deposited into the Tobacco Settlement Endowment

DESCRIPTION (continued)

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Fund and held in perpetuity. Ten years after the Fund is established, moneys in the Fund and interest accruing on those monies could be appropriated for programs related to smoking prevention and cessation, health care for tobacco-related illnesses and research for cures of tobacco-related illnesses, health care access, and for budget emergencies.

This legislation is not federally mandated, would not duplicate any other program, would not require additional capital improvements or rental space. The proposal would not affect Total State Revenues.

SOURCES OF INFORMATION

Department of Health
Department of Mental Health
Department of Revenue
Department of Social Services
Office of Administration - Division of Budget and Planning
Secretary of State
National Governors Association
Federal Funds Information for States Issue Brief 99-16: Estimating Tobacco Payments



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Director
February 24, 2000